Kleindienst Accused in ITT Case

By Jack Anderson

We have now established that Attorney General-designate Richard Kleindienst told an outright lie about the Justice Department's sudden out-of-court settlement of the Nixon administration's biggest antitrust case.

The case involved the International Telephone and Telegraph conglomerate, which appeared on the way to a Supreme Court showdown with the Justice Department over ITT's takeover of the huge Hartford Fire Insurance Co.

Last July, however, the case was abruptly settled. The terms, considered highly favorable to ITT, were announced at the same time ITT secretly pledged up to $400,000 to support the Republican convention in San Diego this year. A check for $100,000 has already been written.

Denying any connection between the convention cash and the antitrust settlement, Kleindienst insisted that the Justice Department's antitrust staff had been free from any political pressure from above.

"The settlement between the Department of Justice and ITT was handled and negotiated exclusively by Assistant Attorney General Richard W. McLaren (then head of the antitrust division)," Kleindienst said in a letter to Democratic National Chairman Larry O'Brien.

However, we have now learned that Kleindienst himself held roughly a half-dozen secret meetings on the ITT case with a director of the company before the settlement was reached.

The director, Wall Street financier Felix Rohatyn, conceded to us that he met in private with Kleindienst, who was then Deputy Attorney General, at the same time McLaren was negotiating with ITT's lawyers.

"I was supposed to make the case on the economic side of it," Rohatyn told my associate Brit Hume. He said he particularly stressed to Kleindienst ITT's arguments for keeping Hartford Fire.

Kleindienst Duplicity

Kleindienst's duplicity is further evidence that the administration has much to hide in the ITT affair, which looks more suspicious the more we investigate it.

Not only Kleindienst, but his boss, outgoing Attorney General John Mitchell, has now been linked to the settlement. Mitchell had officially disqualified himself from the case because of an old relationship with ITT. Yet Dita Beard, the company's top lobbyist, has not acknowledged that she arranged the settlement with Mitchell in a private conversation at the governor's mansion in Kentucky after last year's Kentucky Derby.

Her admission came after we obtained an extraordinary confidential memo, written by her, from ITT's files. The memo suggested strongly that the settlement was made in exchange for ITT's pledge of cash support for the Republican convention.

Mrs. Beard also told us that the day after we confronted her with the memo, ITT security men from New York shredded many of her office files because they feared the papers might be subpoenaed when the memo became public.

Mitchell would not discuss the matter with us. John Hushen, a Justice Department spokesman, told us there was "no truth" to Mrs. Beard's story. He acknowledged, however, that Mitchell had spoken to Mrs. Beard at the governor's mansion.

We gave Hushen specific questions to ask the Attorney General. But four hours later, after conferring with Mitchell, he called us back without the answers.

Instead, he urged that we withhold our story on Mrs. Beard's version of events until, as Hushen put it, "we get all our ducks in a row." He said Mitchell would "prove" the falsehood of Mrs. Beard's incriminating memo, but three days later, no proof had appeared.

Republican Names

The June 25, 1971, memo is studded with such big Republican names as President Nixon, Mitchell, California Lt. Gov. Ed Reinecke, San Diego Congressman Bob Wilson, White House aide Bob Haldeman and H. S. (Hal) Geneen, ITT's president.

It is addressed to W. R. (Bill) Merriam, manager of ITT's Washington office. "I thought you and I had agreed very thoroughly that under no circumstances would anyone in this office discuss with anyone our participation in the Convention, including me," Mrs. Beard wrote.

"Other than permitting John Mitchell, Ed Reinecke, Bob Haldeman and Nixon (besides Wilson, of course) no one has known from whom that 400 thousand commitment had come . . . John Mitchell has certainly kept it on the higher level only, we should be able to do the same . . ."

"I am convinced, because of several conversations with Louie (Nunn) re Mitchell that our noble commitment has gone a long way toward our negitiations on the mergers eventually coming out as Hal (Geneen) wants them. Certainly the President has told Mitchell to see that things are worked out fairly. It is still only McLaren's mickey-mouse we are suffering . . .

"If (the convention cash) gets too much publicity you can believe our negotiations with Justice will wind up shot down. Mitchell is definitely helping us, but cannot let it be known. Please destroy this, huh?"

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